



**GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA**

Financial Reports

December 31, 2008

Lanaux & Felger

A Corporation of
Certified Public Accountants
Houma, Louisiana

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/17/09

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(Part I)

**Greater Lafourche Port Commission
Galliano, Louisiana**

**Management's Discussion and Analysis
Fiscal Year Ended December 31, 2008**

INTRODUCTION

This introductory section of the Greater Lafourche Port Commission's (GLPC's) annual financial report presents a narrative overview and analysis of the GLPC's financial performance for the fiscal year ended December 31, 2008, with comparative information for the fiscal year ended December 31, 2007. The discussion is intended to assist the readers in focusing on the significant financial issues and activities of the GLPC and to identify any significant changes in financial position. We encourage readers to consider the information contained in this discussion in conjunction with the GLPC's audited financial statements and associated notes to the financial statements.

FINANCIAL HIGHLIGHTS

- Assets exceeded Liabilities at the close of the fiscal year by \$123.7 million, which are reported as Net Assets. This is a 13.1% increase over 2007.
- Operating Revenues grew by 10.8% over 2007 to \$17.2 million and are again the highest in the port's history.
- Operating Profits rose slightly over 2007, but the Operating Profit Margin declined from 30% to 27%. Net Income Before Capital Grants, Special Items, & Extraordinary Items was \$4.5 million equating to a margin of 26%.
- Capital Grants for the year were almost \$9.8 million. Grants for Emergency Repairs were nearly \$2.4 million. Grants for Operating & Maintenance Projects were just over \$156,000.

EXPLANATION OF THE FINANCIAL STATEMENTS

This discussion is to introduce the GLPC's financial statements. Since the GLPC charges general public customers for the services it provides, its activities are required to be reported as a proprietary fund and specifically in an enterprise fund format. Enterprise funds utilize accrual accounting, which is the same method used by private sector businesses. Accrual accounting means that financial activities are reported as soon as the underlying events take place regardless of the timing of related cash flows. The basic financial statements also include notes essential to a full understanding of the statements.

The "Statement of Net Assets" presents information on all of the GLPC's assets and liabilities, with the difference reported as net assets. The "Statement of Activities" shows how the GLPC's net assets changed during the fiscal year. The "Statement of Cash Flows" represents cash and cash equivalent activity for the fiscal year resulting from operating, financing, and investing activities.

**Greater Lafourche Port Commission
Galliano, Louisiana**

**Management's Discussion and Analysis (Continued)
Fiscal Year Ended December 31, 2008**

Taken together, these three financial statements demonstrate how the GLPC's net assets have changed. Net assets are one way of assessing the GLPC's current financial condition. Increases or decreases in net assets are good indicators of whether the GLPC's financial health is improving or deteriorating over time.

FINANCIAL STATEMENTS

Statement of Net Assets	2008	2007	Dollar Change	Percentage Change
<i>Assets:</i>				
Current Assets	\$ 27,726,804	\$ 19,624,837	\$ 8,101,967	41.3%
Capital Assets, Net	109,182,208	100,378,523	8,803,685	8.8%
Total Assets	136,909,012	120,003,360	16,905,652	14.1%
<i>Liabilities:</i>				
Current Liabilities	12,990,925	10,417,669	2,573,256	24.7%
Long Term Liabilities	182,862	160,952	21,910	13.6%
Total Liabilities	13,173,787	10,578,621	2,595,166	24.5%
<i>Net Assets:</i>				
Invested in Capital Assets (Net of Related Debt)	109,182,208	100,378,523	8,803,685	8.8%
Unrestricted	14,553,017	9,046,216	5,506,801	60.9%
Total Net Assets	\$ 123,735,225	\$ 109,424,739	\$ 14,310,486	13.1%

The GLPC's current ratio is 2.1, which means that it has over double the amount of current resources available to meet its obligations coming due within the next fiscal year. A current ratio above 1.0 is a sign of good financial viability.

Of the nearly \$13 million of current liabilities, just less than \$8 million or 61% are actually revenues paid in advance from port lessees that have not yet been earned according to the accrual method of accounting. These liabilities are not owed or refundable upon termination/default of lessees.

The largest component of the GLPC's net assets (\$109.2 million or 88%) reflects its investment in capital assets (e.g. land, buildings, improvements, equipment, and construction-in-progress), less any related debt outstanding that was needed to acquire or construct the assets. The remaining \$14.6 million or about 12% are unrestricted net assets and may be used at the GLPC's discretion in accordance with its enabling legislation.

**Greater Lafourche Port Commission
Galliano, Louisiana**

**Management's Discussion and Analysis (Continued)
Fiscal Year Ended December 31, 2008**

Statement of Activities	2008	2007	Dollar Change	Percentage Change
<i>Operating Revenues:</i>				
Leases	\$ 16,897,192	\$ 14,567,937	\$ 2,129,255	14.6%
Other	512,611	961,566	(448,955)	-46.7%
Total Operating Revenues	17,209,803	15,529,503	1,680,300	10.8%
<i>Operating Expenses:</i>				
Personnel Services	3,520,162	3,049,241	470,921	15.4%
Maintenance, Supplies, & Operation of Facilities	1,677,266	1,784,175	(106,909)	-6.0%
Lease Expense - Port Fourchon	2,618,945	2,291,536	327,409	14.3%
Other Operating Expenses	626,684	622,286	4,408	0.7%
Depreciation	4,078,828	3,116,776	962,052	30.9%
Total Operating Expense	12,521,895	10,864,014	1,657,881	15.3%
Operating Profit/(Loss)	4,687,908	4,665,489	22,419	0.5%
<i>Non-Operating Inc/(Exp):</i>				
Ad Valorem Taxes (Net of Tax Assessor's Settlement & Pension Fund)	2,448,491	2,082,430	366,061	17.6%
<i>Intergovernmental Revenue:</i>				
State Revenue Sharing	35,862	36,364	(502)	-1.4%
Non-Capital Grants	2,509,855	931,789	1,578,066	169.4%
Interest Earned	447,543	734,916	(287,373)	-39.1%
Hurricane Damage Repairs	(5,570,811)	(512,207)	(5,058,604)	987.6%
Gain/(Loss) on Disposal of Fixed Assets	(28,176)	6,190	(34,366)	-555.2%
Other Miscellaneous Inc/(Exp)	(634)	-	(634)	0.0%
Net Non-Operating Inc/(Exp)	(157,871)	3,279,482	(3,437,353)	-104.8%
Income before Capital Grants, Special, & Extraordinary Items	4,530,038	7,944,971	(3,414,933)	-43.0%
Capital Grants	9,786,738	4,007,348	5,779,390	144.2%
Special Items	-	(19,643)	19,643	-100.0%
Extraordinary Items	(6,290)	-	(6,290)	0.0%
Change in Net Assets	14,310,486	11,932,676	2,377,810	19.9%
Net Assets-Beginning of Year	109,424,739	97,492,063	11,932,676	12.2%
Net Assets-End of Year	\$ 123,735,225	\$ 109,424,739	\$ 14,310,486	13.1%

Operating revenues from leases are the GLPC's primary means of funding its ongoing operations. Lease revenues are generated from land and improvements either owned directly by the GLPC or leased to the GLPC by third party landowners. Operating expenses are costs born by the GLPC in providing to the public operations and maintenance of port properties along with providing harbor police security and general administration services. Operating profit of nearly \$4.7 million constitutes a 27% operating profit margin.

**Greater Lafourche Port Commission
Galliano, Louisiana**

**Management's Discussion and Analysis (Continued)
Fiscal Year Ended December 31, 2008**

Non-operating income and expenses are items that are not derived from direct port operations such as the collection of ad valorem (property) taxes, financing & investment activities, and emergency repairs such as damages caused by hurricanes. Damages of nearly \$5.6 from Hurricane's Katrina, Gustav, and Ike were recognized in 2008.

Special Items are significant costs of non-operational projects within management's control but are either unusual in nature or infrequent in occurrence. In 2008, the port had no such activities.

Extraordinary Items are significant costs & reimbursements outside of management's control and are both unusual in nature and infrequent in occurrence. There were roughly \$6,300 of expenditures in 2008 related to third party construction issues.

The bottom line is that the total 2008 Change in Net Assets is a positive \$14,310,486, equating to a 20% increase over 2007's \$11,932,676.

NOTES TO THE FINANCIAL STATEMENTS

Capital Assets, Net	2008	2007	Dollar Change	Percentage Change
Land	\$ 3,857,752	\$ 3,857,752	\$ -	0.0%
Buildings	4,567,417	4,711,607	(144,190)	-3.1%
Improvements	82,433,621	85,215,702	(2,782,081)	-3.3%
Equipment	2,967,629	2,367,220	600,409	25.4%
Subtotal	93,826,419	96,152,281	(2,325,862)	19.0%
Construction in Progress	15,355,789	4,226,242	11,129,547	263.3%
Total	<u>\$ 109,182,208</u>	<u>\$ 100,378,523</u>	<u>\$ 8,803,685</u>	<u>8.8%</u>

Additions of capital assets totaled \$340,392 exclusive of costs transferred out of Construction in Progress. Capital construction projects totaling \$1,484,908 were completed and closed out of Construction in Progress during 2008. Some of the major projects, comprising 97% of the total, are described below.

• Installation of Electrical and Lighting along Airport Runway	\$ 986,784
• <u>Installation of nine mooring dolphins along Flotation Canal</u>	<u>447,039</u>
Total of 97%	<u>\$1,433,823</u>

**Greater Lafourche Port Commission
Galliano, Louisiana**

**Management's Discussion and Analysis (Continued)
Fiscal Year Ended December 31, 2008**

Eighty-eight percent of the \$15,355,789 in Construction in Progress are projects listed below:

• 2253 ft Steel Bulkhead on Northern Expansion Phase III	\$ 7,516,140
• Airport Parallel Taxiway Site Prep & Safety Area	2,057,622
• 1800 ft Steel Bulkhead on Northern Expansion Phase IV	1,630,715
• Airport Roads Overlay and Waterline	1,584,788
• <u>Airport Taxiway 'A' North Paving</u>	<u>689,400</u>
Total of 88%	<u>\$13,478,665</u>

The GLPC has no bond debt.

Budgetary Highlights

The GLPC's 2009 budget projects Operating Revenues to increase by 3% from 2008 actuals. Budgeted increases to Operating Expenses over 2008 actuals are expected to be about 16.5% primarily to increased usage of landowner property, depreciation on increased capital assets, and inflationary costs that have prevailed in a post Hurricane Katrina environment.

Capital budget dollars of \$23.8 million are expected to produce roughly 4,053 feet of new port bulkhead. The initial dredging of SLIP-C in the Northern Expansion area is budgeted at \$1.7 million. Asphalt paving of Dudley Bernard Road is budgeted at \$1.5 million. Capital budget dollars of \$6.1 million are to be invested in airport infrastructure increasing both our runway and industrial park capabilities. To assist in these capital projects, \$21.3 million is expected in grant funding from outside sources.

Cash is projected to decrease from \$17.6 million to \$11.6 million at the end of 2009 primarily due to GLPC's self-funded capital growth. This is a conscious strategic investment toward future years' revenue generation.

REQUESTS FOR INFORMATION

This financial report is designed to provide our taxpayers, tenants, and creditors with a general overview of the GLPC's finances and to demonstrate accountability to each of these groups. Questions concerning any information included in this report should be addressed to Director of Finance, Greater Lafourche Port Commission, P.O. Box 490, Galliano, LA 70354.

Financial Section

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A PROFESSIONAL CORPORATION

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Greater Lafourche Port Commission
Galliano, Louisiana

We have audited the accompanying financial statements of the Greater Lafourche Port Commission, as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Greater Lafourche Port Commission as of December 31, 2008 and 2007 and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2009 on our consideration of the Greater Lafourche Port Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope or out testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages iii through vii and budgetary comparison schedule on page 19 are not required parts of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Greater Lafourche Port Commission's basic financial statements. The Supplementary Information Section in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Greater Lafourche Port Commission. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

May 13, 2009

A handwritten signature in black ink, appearing to read "Lanamy Telfer". The signature is fluid and cursive, with a long horizontal stroke at the end.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA
STATEMENTS OF NET ASSETS
ENTERPRISE FUND
December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 17,022,284	\$ 15,607,943
Investments, at market value	600,000	600,000
Receivables:		
Grants receivable from other government units	6,227,707	647,427
Ad valorem taxes	2,441,930	2,039,496
Lease rentals	54,102	122,945
State revenue sharing	35,862	36,364
Accrued interest	6,899	10,482
Other	92,484	137,750
Prepaid lease expense	207,019	196,901
Prepaid insurance	213,517	225,376
Prepaid materials	825,000	153
	<u>27,726,804</u>	<u>19,624,837</u>
Total current assets		
FIXED ASSETS		
Property, plant, and equipment	135,840,516	123,212,945
Less accumulated depreciation	<u>(26,658,308)</u>	<u>(22,834,422)</u>
Fixed asset, net	<u>109,182,208</u>	<u>100,378,523</u>
Total assets	<u>136,909,012</u>	<u>120,003,360</u>

See notes to financial statements.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA
STATEMENTS OF NET ASSETS, CONTINUED
ENTERPRISE FUND
December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 5,023,349	\$ 1,477,857
Deferred revenue:		
Advance payment of leases	7,931,936	8,813,279
Deferred grant revenues	35,314	35,314
Other current liabilities	<u>326</u>	<u>91,219</u>
Total current liabilities	<u>12,990,925</u>	<u>10,417,669</u>
LONG-TERM LIABILITIES		
Accrued compensated absences	<u>182,862</u>	<u>160,952</u>
Total long-term liabilities	<u>182,862</u>	<u>160,952</u>
Total liabilities	<u>13,173,787</u>	<u>10,578,621</u>
NET ASSETS		
Invested in capital assets, net of related debt	109,182,208	100,378,523
Unrestricted	<u>14,553,017</u>	<u>9,046,216</u>
Total net assets	<u>\$ 123,735,225</u>	<u>\$ 109,424,739</u>

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA
STATEMENTS OF ACTIVITIES
ENTERPRISE FUND
Years Ended December 31, 2008 and 2007

	2008	2007
Operating revenues:		
Lease rental	\$ 16,697,192	\$ 14,567,937
Other user fees	506,382	672,284
Fuel sales	-	282,425
Other	6,229	6,857
Total operating revenue	<u>17,209,803</u>	<u>15,529,503</u>
Operating expenses:		
Personnel services	3,520,162	3,049,241
Maintenance, supplies, and operation of facilities	1,677,266	1,784,175
Lease expense - Port Fourchon	2,618,945	2,291,536
Other operating expense	626,694	622,286
Depreciation and amortization	4,078,828	3,116,776
Total operating expenses	<u>12,521,895</u>	<u>10,864,014</u>
Operating income (loss)	<u>4,687,908</u>	<u>4,665,489</u>
Nonoperating revenues (expenses):		
Ad valorem taxes (net of tax assessor's settlement and pension fund)	2,448,491	2,082,430
Intergovernmental revenue:		
State revenue sharing	35,862	36,364
Noncapital grants	2,509,855	931,789
Investment income	447,543	734,916
Hurricane damage repairs	(5,570,811)	(512,207)
Gain (loss) on disposal of fixed assets	(28,176)	6,190
Other income (loss)	(634)	-
Net nonoperating revenues	<u>(157,870)</u>	<u>3,279,482</u>
Change in net assets before capital contributions, special items and extraordinary items	4,530,038	7,944,971
Capital contributions	9,786,738	4,007,348
Special items	-	(19,643)
Extraordinary items	(6,290)	-
Change in net assets	<u>14,310,486</u>	<u>11,932,676</u>
Net assets, beginning of year	<u>109,424,739</u>	<u>97,492,063</u>
Net assets, end of year	<u>\$ 123,735,225</u>	<u>\$ 109,424,739</u>

See notes to financial statements.

**GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA
STATEMENTS OF CASH FLOWS - ENTERPRISE FUND**

Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations	\$ 16,443,675	\$ 13,680,525
Cash paid to employees	(3,520,161)	(3,049,241)
Payments for goods and services	(4,155,291)	(5,588,128)
Net Cash Flows from Operating Activities	<u>8,768,223</u>	<u>5,043,156</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Tax receipts collected by other governments	2,046,057	1,903,405
Operating grants received from other governments	192,598	1,515,071
Payments for hurricane damage repair	(5,570,811)	(512,207)
Net Cash Flows from Noncapital Financing Activities	<u>(3,332,156)</u>	<u>2,906,269</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants collected	6,553,789	4,108,729
Payments for capital acquisitions	(11,054,860)	(12,547,806)
Special items	-	(19,643)
Net Cash Flows from Capital and Related Financing Activities	<u>(4,501,071)</u>	<u>(8,458,720)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of equipment	28,225	19,197
Proceeds from sale and maturities of investments	600,000	-
Purchases of investments	(600,000)	-
Receipts of interest	451,126	734,808
Net Cash Flows from Investing Activities	<u>479,351</u>	<u>754,005</u>
Net Change in Cash	1,414,341	244,710
Cash and cash equivalents, beginning of year	15,607,943	15,363,233
Cash and cash equivalents, end of year	<u>\$ 17,022,284</u>	<u>\$ 15,607,943</u>
Reconciliation of Operating Income to Net Cash Flows from Operating Activities		
Operating income (loss)	\$ 4,687,908	\$ 4,665,489
Add depreciation expense	4,078,828	3,116,776
(Increase)/Decrease in Current Assets:		
Rent receivables	68,843	(72,280)
Prepaid expenses	(823,106)	46,712
Miscellaneous receivables	45,266	16,046
Increase/(Decrease) in Current Liabilities:		
Operating accounts payable and accrued expenses	1,591,827	(920,751)
Advance payment of leases	(881,343)	(1,808,836)
Net Cash Flows from Operating Activities	<u>\$ 8,768,223</u>	<u>\$ 5,043,156</u>

See notes to financial statements.

**GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA**

Notes to Financial Statements

1) Summary of Significant Accounting Policies

The financial statements of the Greater Lafourche Port Commission (Commission) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Commission's more significant accounting policies are described below.

- a) Reporting Entity. The Greater Lafourche Port Commission (Commission) was created under Louisiana Revised Statute 34:1651 with a nine member board elected for a term of six (6) years. The Commission has been empowered to regulate the commerce and traffic within the port area; to promote commerce within the area through the construction, acquisition and maintenance of wharves, docks, sheds, landings and waterways; to provide police protection and services for its facilities; and to lease its facilities to all types of commercial transportation, storage, and shipping industries. The Commission also sponsors the Leonard Miller Jr. Airport in Galliano. Through this sponsorship, the Commission is responsible for the maintenance and operation of the airport.

This report includes all funds which are controlled by the Commission. The Commission is financially independent and is responsible for its debts and is entitled to surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Commission.

- b) Basis of Presentation. The Commission's financial statements are presented in accordance with GASB Statement No. 34. This statement established standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows. It requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- i. Invested in capital assets, net of related debt: This component of net assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Commission has no debt attributable to its capital assets.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

- ii. **Restricted net assets:** This component of net assets consists of constraints imposed by creditors (such as through debt covenants), contributors, laws or regulations of other governments, or through constitutional provisions or enabling legislation. The Commission had no restricted net assets at December 31, 2008 or 2007.
 - iii. **Unrestricted net assets:** This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."
- c) **Fund Accounting.** The Greater Lafourche Port Commission uses a proprietary fund to report on its financial position and results of operations. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities provided to outside parties are accounted for by an enterprise fund type of the proprietary fund. The Commission is accounted for as an enterprise fund.
- d) **Basis of Accounting.** The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheets. The operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The Commission's financial statements are presented on the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

Operating income reported in the financial statements includes revenues and expenses related to the primary, continuing operations of the Commission. Principal operating revenues are charges to tenants for rent and utilities. Principal operating expenses are lease payments to landowners, maintenance of port facilities, the costs of providing police patrols and protective services to tenants, administrative expenses and depreciation of capital assets.

The Governmental Accounting Standards Board (GASB) Statement Number 20 (effective for financial statements for periods beginning after

**GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA**

Notes to Financial Statements, Continued

December 15, 1993) provides guidance on accounting and financial reporting for proprietary fund types and allows proprietary fund types to choose one of two options in applying pronouncements issued by the Financial Accounting Standards Board (FASB) after November 30, 1989. The Greater Lafourche Port Commission has elected to use the first option for reporting its activities. This approach applies all GASB pronouncements and FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Changes to FASB statements and interpretations, APB opinions and ARBs issued after November 30, 1989, would not apply unless adopted by GASB.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

- e) Budgetary Accounting. Budgetary practices include public notice of the proposed budgets, public inspection of the proposed budget and public hearings on the budgets. Budgets are prepared based on a flow of economic resources measurement focus as explained in note 1(d) above. Budgetary control is exercised at the fund level.

State law provides that when actual revenues within certain funds are failing to meet estimated annual budgeted revenues, and/or actual expenditures within certain funds are exceeding estimated budgeted expenditures by five percent or more, a budget amendment shall be adopted by the board in an open meeting.

Budgeted amounts included in the accompanying financial statements include original adopted budget amounts and all subsequent amendments. Amendments to the budget must be approved by the Board of Commissioners. There were no amendments for the year ended December 31, 2008. Budget amounts which are not expended lapse at year end.

Encumbrance accounting is not utilized by the Commission.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

- f) Cash, Cash Equivalents and Investments. Cash and cash equivalents include amounts in demand deposit accounts and investments in the Louisiana Asset Management Pool (LAMP), which are stated at cost.

LAMP is administered by LAMP, Inc.; a not-for-profit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and state-wide professional organizations. Only local governments within Louisiana may have an investment interest in LAMP's pool of assets. The LAMP portfolio includes only securities and other obligations in which local governments are invest under state law. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Louisiana state statutes, as stipulated in R.S. 39:1271, authorize the Commission to invest in United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. The state statutes also authorize the Commission to invest in any other federally insured investment, or in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies. Investing is performed in accordance with investment policies complying with state statutes and those adopted by the Board of Commissioners.

Investments are stated at market value. Increases or decreases in the market value of investments are included as a component of investment income.

- g) Receivables. All receivables are recorded at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible.
- h) Prepaid Expenses. Payments made to vendors for services that will benefit periods beyond the current period are recorded as prepaid expenses.
- i) Fixed Assets. Property constructed or acquired by purchase is stated at cost or estimated historical cost if actual historical cost is not available.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

General infrastructure assets acquired prior to January 1, 2004 consist of the road network and bridge assets that were acquired or that received substantial improvements subsequent to July 1, 1980 and are reported at estimated historical cost using deflated replacement cost. Net interest costs are capitalized on major construction projects during the construction period. No interest was incurred and capitalized for the years ended December 31, 2008 and 2007. Donated assets are valued at estimated fair value at the time of donation.

The costs of normal maintenance, dredging and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of related fixed assets, as applicable.

Depreciation is computed using the straight-line method over the following useful lives:

Buildings and marine construction	10 to 40 years
Infrastructure roads	40 years
Infrastructure bridges	50 years
Machinery and equipment	5 to 10 years
Furniture and fixtures	5 to 20 years

- j) Interest Receivable. Interest receivable on investments and time deposits is recorded as revenue in the year the interest is earned.
- k) Ad Valorem Taxes and Revenue Sharing. Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are assessed except for taxes paid under protest which are recorded in the year available. Delinquent taxes considered to be uncollectible are not recorded as revenues, consequently, no allowance for uncollectible taxes is considered necessary.

Ad valorem taxes are assessed on a calendar year basis, become due November 15th of each year and become delinquent on December 31st. The taxes are generally collected in December of the current year.

The Commission's authorized and levied ad valorem tax millage rates for 2008 and 2007 was 6.94 mills. Total taxes levied for the years ended December 31, 2008 and 2007 were \$2,569,991 and \$2,205,109 respectively.

**GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA**

Notes to Financial Statements, Continued

State revenue sharing monies are generally received by the Commission on the 15th day of December in the year of determination and the 15th day of April and June of the subsequent year in equal installments.

- i) Compensated Absences. The Commission employees accumulate unlimited amounts of annual and sick leave at varying rates as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 300 hours and unused sick leave is credited as earned service in computing retirement benefits.

At December 31, 2008 and 2007, \$182,862 and \$160,952, respectively, have been recorded as a long-term liability which represents that portion of estimated absence which will be taken or reimbursed after the balance sheet date.

- m) Inventories. Inventories are stated at cost using the weighted average cost method of inventory valuation.
- n) Cash Flows Statement. All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the date of purchase, they have a maturity date no longer than three months.
- o) Reclassifications. Certain amounts in the prior year's financial statements have been reclassified to conform to the current year presentation.

2) Cash and Cash Equivalents

Cash and cash equivalents consist of the following at December 31:

	Carrying Amount	
	2008	2007
Cash and demand deposits	\$ 4,933,968	\$ 2,160,855
Units in Louisiana Asset Management Pool	12,088,318	13,447,088
Total cash and cash equivalents	\$ 17,022,284	\$ 15,607,943

Custodial credit risk for deposits is the risk that in the event of a failure of a depository institution, the Commission may not recover its deposits or the securities pledged as collateral by a third-party custodian. Commission policy and state law require all deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of

**GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA**

Notes to Financial Statements, Continued

pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. The pledged securities are held in the name of the pledging bank in a custodial financial institution. While securities held in such a manner are considered uncollateralized (GASB Category 3), Louisiana law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of notice by the Commission that the fiscal agent bank has failed to pay the deposited funds upon demand. At December 31, 2008, bank balances of \$5,037,814 in excess of federal deposit insurance were secured by pledged securities held by the custodial bank in the name of the fiscal agent bank.

Units of the LAMP represent an undivided fractional interest in each of the securities held by the LAMP. Securities held by the LAMP include only debt securities issued, guaranteed or otherwise backed by the U.S. Treasury, the government of the United States, or an agency, enterprise or instrumentality thereof, and repurchase agreements collateralized by such securities.

3) Investments

Investments are carried at market value and include certificates of deposit with original maturities of three months or more. At December 31, 2008, the Commission had investments with maturities as follows:

Investment Type:	Fair Value	Maturities (in Years)	
		Less Than 1	1 to 3
Certificates of Deposit	\$ 600,000	\$ 600,000	\$ -
	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ -</u>

Interest Rate Risk. The Commission's investment policy limits investment maturities to no more than three years as a means of managing its exposure to fair value losses resulting from rising interest rates.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Commission would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Commission's \$600,000 investment in Certificates of Deposit, \$424,323 is secured by pledged securities held by the custodial bank but not in the name of the Commission. Even though the pledged

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

securities are considered uncollateralized, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Commission that the fiscal agent has failed to pay deposited funds upon demand.

Concentrations of Credit Risk. The Commission places no limit on the amount it may invest in any one issuer. Investments of a single issuer representing more than 5 percent of the Commission's total investments at December 31, 2008 are as follows:

Investment Type	Issuer	%
Certificate of Deposit	Coastal Commerce Bank	16.7
Certificate of Deposit	State Bank & Trust	66.6
Certificate of Deposit	Whitney Bank	16.7

**GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA**

Notes to Financial Statements, Continued

4) Property, Plant, and Equipment

A summary of changes in property, plant, and equipment for the years ended December 31, 2008 and 2007 follows:

	Balance 12/31/2007	Additions	Deletions and Transfers	Balance 12/31/2008
Land	\$ 3,857,752	\$ -	\$ -	\$ 3,857,752
Buildings	5,980,439	-	-	5,980,439
Port facilities and improvements	105,154,782	477,546	-	105,632,328
Furniture and office equipment	447,124	50,857	60,551	437,430
Vehicles, boats, and field equipment	3,546,606	1,296,897	266,725	4,576,778
Construction in process	4,226,242	12,614,455	1,484,908	15,355,789
	<u>123,212,945</u>	<u>14,439,755</u>	<u>1,812,184</u>	<u>135,840,516</u>
Less accumulated depreciation	<u>22,834,422</u>	<u>4,097,760</u>	<u>270,874</u>	<u>26,661,308</u>
Totals	<u>\$ 100,378,523</u>	<u>\$ 10,341,995</u>	<u>\$ 1,541,310</u>	<u>\$ 109,179,208</u>

	Balance 12/31/2006	Additions	Deletions and Transfers	Balance 12/31/2007
Land	\$ 3,857,752	\$ -	\$ -	\$ 3,857,752
Buildings	5,245,289	735,150	-	5,980,439
Port facilities and improvements	72,369,336	32,785,446	-	105,154,782
Furniture and office equipment	418,487	47,550	18,913	447,124
Vehicles, boats, and field equipment	3,264,865	420,686	138,945	3,546,606
Construction in process	25,637,371	10,735,797	32,146,926	4,226,242
	<u>110,793,100</u>	<u>44,724,629</u>	<u>32,304,784</u>	<u>123,212,945</u>
Less accumulated depreciation	<u>19,832,600</u>	<u>3,146,673</u>	<u>144,851</u>	<u>22,834,422</u>
Totals	<u>\$ 90,960,500</u>	<u>\$ 41,577,956</u>	<u>\$ 32,159,933</u>	<u>\$ 100,378,523</u>

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

Depreciation on fixed assets was \$4,094,760 for the year ended December 31, 2008, of which \$15,932 was capitalized and \$4,078,828 was charged to expense, and \$3,146,672 for the year ended December 31, 2007, of which \$29,897 was capitalized and \$3,116,775 was charged to expense.

5) Leases

The Commission leases the land on which Port Fourchon Industrial Park is built from four landowners under operating leases expiring in various years through 2056. The leases are structured to have a minimum amount of base rent with additional amounts payable as contingent rentals based on sublease rentals received by the Commission.

Minimum rental payments of approximately \$246,824 and \$237,941 were included in lease expense of \$2,618,945 and \$2,291,536 for the years ended December 31, 2008 and 2007, respectively.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of December 31, 2008 for each of the next five years are as follows:

Year Ending December 31,	Amount
2009	\$ 256,149
2010	73,148
2011	73,740
2012	73,508
2013	73,858
Thereafter	892,418
Total minimum future rental payments	<u>\$ 1,442,819</u>

Total minimum future rental payments have not been reduced by sublease rentals to be received in the future under non-cancelable subleases.

6) Port Lease Rentals

The Commission leases sites situated on Port Fourchon to businesses operating primarily in the oil and gas and seafood industries. The number of lessees as of

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

December 31, 2008 and 2007 was eighty-nine and eighty-six, respectively. The Commission received 29% and 28% of its lease revenues from one lessee for the years ended December 31, 2008 and 2007, respectively. In general, lease contracts state that in each year of the primary term or any extended option term, rental payments to the Port shall escalate at rates varying from 2% to 5% of the rental paid in the preceding year, unless other arrangements are negotiated.

Based on existing leases at December 31, 2008, minimum lease rentals on non-cancelable leases to be received over the next five years are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2009	\$ 6,478,580
2010	3,675,777
2011	3,677,761
2012	3,012,876
2013	<u>2,653,857</u>
Total	<u>\$ 19,498,851</u>

7) Pension Plans

Nearly all full-time employees of the Greater Lafourche Port Commission participate in the Louisiana State Employees Retirement System (LASERS), a cost sharing multiple-employer public employee retirement system.

Plan Description: The LASERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and disability benefits. Five years of service credit is required to become vested for survivor benefits. Benefits are established and amended by state statute. The LASERS issues a publicly available financial report that includes financial statements and required supplementary information for the LASERS. That report may be obtained by writing to the Louisiana State Employees' Retirement System, Post Office Box 44213 Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600.

Funding Policy. Plan members are required to contribute a percentage of their annual covered salary and the Commission is required to contribute at an actuarially determined rate. Member contributions and employer contributions for the LASERS are established by state law and rates are established by the Public

**GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA**

Notes to Financial Statements, Continued

Retirement Systems' Actuarial Committee. The Commissions' employer contribution for the LASERS is funded through annual appropriations.

Contributions required and made to the LASERS were as follows:

Fiscal year ended December 31,	2008	2007	2006
Member contribution	7.5%	7.5%	7.5%
Employer contribution			
January - June	20.4%	19.1%	19.1%
July - December	18.5%	20.4%	19.1%
Member contribution	\$ 139,168	\$ 118,287	\$ 91,432
Employer contribution	\$ 357,447	\$ 309,881	\$ 232,846

The member contribution rate for employees hired before July 1, 2006 was 7.5% for the year ended December 31, 2008.

One employee is a member of the Teachers' Retirement System of Louisiana (TRSL), a cost sharing multiple-employer public employee retirement system. The TRSL issues a publicly available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446. Employer contributions to the TRSL were \$1,753 (15.5% of covered payroll) and employee contributions were \$893 (8.0% of covered payroll) for the year ended December 31, 2008.

8) Deferred Revenues

Deferred revenue is comprised of prepaid lease rentals received of \$7,931,936 and deferred grant revenues of \$35,314 for the year ended December 31, 2008 and \$8,813,279 of prepaid lease rentals and \$35,314 deferred grant revenues for the year ended December 31, 2007.

9) Non-cash Investing and Financing Activities

There were no non-cash investing and financing activities for the years ended December 31, 2008 and 2007.

**GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA**

Notes to Financial Statements, Continued

10) Construction Commitments

At December 31, the Commission had the following commitments on construction and maintenance projects in progress:

2008			
Project description	Estimated total cost	Costs incurred to date	Estimated % funded by other entities
Airport Parallel Taxiway Site Prep & Safety Area	\$ 2,424,000	\$ 2,057,622	95%
Airport Waterline & Road Overlay	1,611,547	1,584,788	54%
NE Bulkhead Phase IV-East of Slip B	4,503,423	1,630,715	71%
Taxiway 'A' North Paving	4,850,129	689,400	98%
NE Slip B-Phase 3 Bulkhead End of Slip	10,124,943	7,516,140	73%
	<u>\$ 23,514,042</u>	<u>\$ 13,478,665</u>	

2007			
Project description	Estimated total cost	Costs incurred to date	Estimated % funded by other entities
Airport Parallel Taxiway Site Prep & Safety Area	\$ 2,487,743	\$ 815,010	56%
Maritime Forest Ridge	431,139	431,139	74%
Electrical and Lighting at Airport	1,012,118	962,319	75%
	<u>\$ 3,931,000</u>	<u>\$ 2,208,468</u>	

11) Risk Management

The Commission is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. To manage these risks, the Commission has obtained coverage from

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

commercial insurance companies. During 2008 and 2007, there were no claims in excess of insurance coverage.

12) Extraordinary and Special Items

Special items consist of expenses incurred in connection with the settlement of litigation involving damages to Port property. Extraordinary items consist of expenses related to third-party construction issues.

**Required Supplementary Information
(Part II)**

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
ENTERPRISE FUND
Year Ended December 31, 2008

	Budget (Original and Final)	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Lease rentals	\$ 16,407,433	\$ 16,697,192	\$ 289,759
Loading dock fees	533,400	506,382	(27,018)
Other	3,000	6,229	3,229
Total operating revenue	<u>16,943,833</u>	<u>17,209,803</u>	<u>265,970</u>
Operating expenses:			
Personnel services	3,392,067	3,520,162	(128,095)
Maintenance, supplies, and operation of facilities	1,803,028	1,677,266	125,762
Lease expense - Port Fourchon	2,514,492	2,618,945	(104,453)
Other operating expense	688,657	626,694	61,963
Depreciation and amortization	3,459,786	4,078,828	(619,042)
Total operating expenses	<u>11,858,030</u>	<u>12,521,895</u>	<u>(663,865)</u>
Operating income (loss)	<u>5,085,803</u>	<u>4,687,908</u>	<u>(397,895)</u>
Nonoperating revenues (expenses):			
Ad valorem taxes (net of tax assessor's settlement and pension fund)	1,815,000	2,448,491	633,491
Intergovernmental revenue:			
State revenue sharing	35,000	35,862	862
Noncapital grants	2,329,161	2,509,855	180,694
Investment income	270,000	447,543	177,543
Hurricane damage repairs	(6,632,544)	(5,570,811)	1,061,733
Gain (loss) on disposal of fixed assets	-	(28,176)	(28,176)
Other income (loss)	-	(634)	(634)
Net nonoperating revenues	<u>(2,183,383)</u>	<u>(157,870)</u>	<u>2,025,513</u>
Change in net assets before capital contributions, special, and extraordinary items	<u>\$ 2,902,420</u>	4,530,038	<u>\$ 1,627,618</u>
Capital contributions		9,786,738	
Extraordinary items		(6,290)	
Change in Net Assets		14,310,486	
Net Assets - beginning of year		109,424,739	
Net Assets - end of year		<u>\$ 123,735,225</u>	

Supplementary Information and Reports

**GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA**

Schedule of Per Diems Paid Board Members

Year Ended December 31, 2008 and 2007

<u>Board Member</u>	<u>2008</u>	<u>2007</u>
Ervin J. Bruce	\$ 6,900	\$ 7,100
Harris Cheramie	7,200	7,200
Harry Cheramie	-	600
Wilbert Collins	7,100	7,200
Perry Gisclair	7,200	6,600
Larry J. Griffin	7,200	7,200
Jimmy Guidry	7,200	6,500
Jimmy Lafont	7,200	7,200
Beau Martin	-	600
John J. Melancon, Sr.	7,200	6,800
Donald J. Vizier	<u>6,900</u>	<u>7,100</u>
	<u>\$ 64,100</u>	<u>\$ 64,100</u>

GREATER LAFOURCHE PORT COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2008

Federal Granting Agency/Recipient
State Agency/Grant Program

DEPARTMENT OF COMMERCE

Direct payments from Economic Development Administration

GRANT NUMBER	CFDA NUMBER	FEDERAL EXPENDITURES
08-01-04079	11.300	\$ 800,000

DEPARTMENT OF TRANSPORTATION

Direct payments from Federal Aviation Administration

Airport Improvement Program

various	20.106	2,137,981
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DEPARTMENT OF HOMELAND SECURITY

Pass through from Department of Military Affairs

Public Assistance Grants

N/A	97.036	2,163,622
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Total program expenditures

\$ 5,101,603

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Greater Lafourche Port Commission, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

GREATER LAFOURCHE PORT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2008

A) SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Greater Lafourche Port Commission.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the Greater Lafourche Port Commission were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report Compliance with Requirements Applicable to its Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award program for the Greater Lafourche Port Commission expresses an unqualified opinion.
6. No findings relative to the major federal award program for the Greater Lafourche Port Commission are reported in Part C of this Schedule.
7. The programs tested as major programs are:

Department of Homeland Security	
Public Assistance Grants	CFDA# 97.036
Department of Transportation	
Federal Aviation Administration	CFDA# 20.106
Department of Commerce	
Economic Development Administration	CFDA# 11.300
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Greater Lafourche Port Commission was determined to be a low-risk auditee.

B) FINDINGS – FINANCIAL STATEMENTS AUDIT

None

C) FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

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A PROFESSIONAL CORPORATION

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

To the Greater Lafourche Port Commission
Galliano, Louisiana

We have audited the financial statements of the Greater Lafourche Port Commission as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated May 13, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Greater Lafourche Port Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Greater Lafourche Port Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Greater Lafourche Port Commission's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

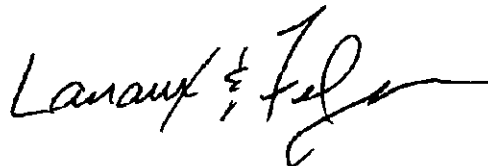
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Greater Lafourche Port Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information and use of the Greater Lafourche Port Commission, the State of Louisiana and the Legislative Auditor for the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

May 13, 2009



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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Greater Lafourche Port Commission
Galliano, Louisiana

Compliance

We have audited the compliance of the Greater Lafourche Port Commission with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 "Compliance Supplement" that are applicable to its major federal programs for the year ended December 31, 2008. The Greater Lafourche Port Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major program is the responsibility of the Greater Lafourche Port Commission's management. Our responsibility is to express an opinion on the Greater Lafourche Port Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Greater Lafourche Port commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide legal determination on the Greater Lafourche Port Commission's compliance with those requirements.

In our opinion, the Greater Lafourche Port Commission complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

The management of the Greater Lafourche Port Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Greater Lafourche Port Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Greater Lafourche Port Commission's internal control over compliance.

A control deficiency in the entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of the Greater Lafourche Port Commission, the State of Louisiana, the Legislative Auditor for the State of Louisiana, federal awarding agencies and pass-through entities and is not to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

May 13, 2009

Lanauy; Felt

**GREATER LAFOURCHE PORT COMMISSION
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2008**

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS**

There were none reported for the year ended December 31, 2007.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO
FEDERAL AWARDS**

There were none reported for the year ended December 31, 2007.

SECTION III MANAGEMENT LETTER

No management letter was issued for the year ended December 31, 2007.

**GREATER LAFOURCHE PORT COMMISSION
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2008**

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENT**

No findings were reported which required a response from management.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO
FEDERAL AWARDS**

No findings were reported which require a response from management.

SECTION III MANAGEMENT LETTER

No management letter was issued for the year ended December 31, 2008.